

CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM
Meeting Date: June 18, 2013
Request for Restatement and Extension of Initial Resolution

Prepared by: *Deanna Hamelin*

<p>Applicant: Sierra Pacific Industries and/or its Affiliates</p> <p>Project Location: Anderson (Shasta County)</p>	<p>Amount Requested: \$45,000,000</p> <p>Application No.: 838</p> <p>Initial Resolution No.: 10-09</p> <p>Prior Actions: IR approved 7/28/10</p>
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Summary. Sierra Pacific Industries and/or its Affiliates (the “Company”) requests approval of the restatement and extension of Initial Resolution 10-09 for an amount not exceed \$45,000,000 to finance solid waste disposal and cogeneration facilities at the Company’s existing lumber manufacturing plant located in Anderson.

The Initial Resolution (IR) was approved on July 28, 2010 with an expiration date of July 28, 2013. The Company is requesting the IR extension in anticipation of submitting an application for Final Resolution, volume cap allocation approval, and bond issuance after this expiration date. The project remains the same as was presented at the July 28, 2010 meeting.

Borrower. The Company incorporated in California on November 20, 1996 and provides timber tract management and lumber processing in Shasta County.

The principal stockholders of the Company are as follows:

Carolyn Emmerson Dietz Revocable Trust of 1990	22.51123%
Carolyn Emmerson Dietz 2005 Irrevocable Trust	5.34226%
George Emmerson Revocable Trust of 1990	22.51123%
George Emmerson 2005 Irrevocable Trust	5.34226%
M.D. Emmerson Revocable Trust of 1990	22.51123%
M.D. Emmerson 2005 Irrevocable Trust	5.34226%
Various Trusts (less than 3% each)	<u>16.4390%</u>
Total:	<u>100.0000%</u>

Legal Questionnaire. The Staff has reviewed the Company’s responses to the questions contained in the Legal Status portion of the Application. No information was disclosed in the Legal Status portion of the application that raises questions concerning the financial viability or legal integrity of this applicant.

Project Description. The Company plans to construct a solid waste disposal and cogeneration unit that will burn biomass fuel (including non-treated wood and agricultural crop residues as well as urban wood-waste and other fuels) generated by the facility, regional lumber manufacturing facilities, and other biomass fuel sources to produce electricity through use of a steam turbine. The steam turbine will drive a generator that will produce electricity for on-site use as well as for sale to the grid.

Agenda Item 4.B.1.

The unit will be located at the Company's existing lumber manufacturing facility located in Anderson. The project will include the construction of a new fuel handling building, boiler building, turbine building, cooling tower, electrostatic precipitator, ash silo, and electric substation, as well as all necessary work and equipment for the project.

Volume Cap Allocation. The Company anticipates applying to the Authority for volume cap allocation in October 2013.

Financing Details. The Company anticipates issuance of negotiated tax-exempt, weekly reset, variable rate bonds. The Company plans to secure the bonds with an irrevocable, direct pay Letter of Credit that is rated at least "A-" by Fitch Rating Agency or equivalent. The target date for financing is the last quarter of 2013.

Financing Team.

Underwriter: Westhoff, Cone & Holmstedt

Bond Counsel: Lofton & Jennings

Financial Advisor: Progressive Capital

Issuer's Counsel: Office of the Attorney General

Staff Recommendation. Staff recommends approval of the restatement and extension of the Initial Resolution No. 10-09 for Sierra Pacific Industries and/or its Affiliates for an amount not to exceed \$45,000,000.

Note: An Initial Resolution approval is not a commitment that the Board will approve a Final Resolution and bond financing of the proposed project.

**RESOLUTION EXTENDING EFFECTIVENESS OF
RESOLUTION NO. 10-09 ADOPTED JULY 28, 2010
DECLARING OFFICIAL INTENT TO ISSUE BONDS TO
FINANCE SOLID WASTE DISPOSAL FACILITIES FOR
SIERRA PACIFIC INDUSTRIES AND/OR ITS AFFILIATES**

June 18, 2013

WHEREAS, the California Pollution Control Financing Authority (“Authority”), a public instrumentality, is authorized and empowered by the provisions of the California Pollution Control Financing Authority Act (“Act”) to issue bonds for the purpose of defraying the cost of facilities for the disposal of solid and liquid waste products, including resource recovery and energy conversion facilities; and

WHEREAS, Sierra Pacific Industries, a California corporation (“Applicant”), has requested that the Authority assist in financing solid waste disposal facilities to be owned and operated by the Applicant and/or its Affiliates (as hereinafter defined) (collectively, “Company”), which are expected to be comprised of conveyors for the transport of wood waste products, a boiler for the combustion of such waste products and for the generation of steam, equipment for utilization of such steam, including plumbing for steam use in Company processes and a turbine for the production of electricity, and other equipment functionally related thereto (collectively, “Facilities”); and

WHEREAS, Section 1.103-8(a)(5) and Section 1.150-2 of the Treasury Regulations require the Authority to declare its reasonable official intent to reimburse prior expenditures for the Facilities with proceeds of a subsequent borrowing; and

WHEREAS, on July 28, 2010 the Authority adopted its Resolution No. 10-09 entitled “RESOLUTION OF OFFICIAL INTENT TO ISSUE BONDS TO FINANCE SOLID WASTE DISPOSAL FACILITIES FOR SIERRA PACIFIC INDUSTRIES AND/OR ITS AFFILIATES” (the “Initial Resolution”); and

WHEREAS, the Initial Resolution provides that it shall cease to be effective on July 28, 2013 unless prior thereto the Authority specifically adopts a further resolution extending the effective date thereof, and the Authority desires to extend the effectiveness of the Initial Resolution;

NOW, THEREFORE, BE IT RESOLVED by the California Pollution Control Financing Authority as follows:

Section 1. The Authority finds and determines that the foregoing recitals are true and correct.

Section 2. The Authority reaffirms its official intent declared in the Initial Resolution to issue, at one time or from time to time, an aggregate of up to \$45,000,000 principal amount of bonds of the Authority for the Facilities; including for the purpose of reimbursing to the Company costs incurred for the Facilities prior to the issuance of the bonds and hereby extends the effectiveness of the Initial Resolution through the date set forth in Section 3 hereof.

Section 3. This Resolution shall take effect immediately upon its passage and remain in full force and effect thereafter; provided that, this Resolution shall cease to be effective on June 18, 2016 unless prior thereto the Authority specifically adopts a further resolution extending the effective date of the Initial Resolution and this Resolution, which it will do only after receiving a specific request for such action from the Company, accompanied by an explanation of the status of the project and any additional information requested by the Authority to supplement the Company's application. The statement of "official action" or "official intent" by the Authority in the Initial Resolution and reaffirmed in this Resolution shall continue in full force and effect even if this Resolution ceases to be effective for other purposes.

EXHIBIT A

NUMBER: 10-09

LOCATIONS: 19758 Riverside Avenue
Anderson, CA 96007

TYPE: Solid Waste Disposal and Co-Generation

AMOUNT: Up to \$45,000,000